Customer Services, Europe
Changing Marketplace

I. Restructuring the Market Segments for Growth

Paris

8 October 1992

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Customer Services Programme—Europe
(CECSP)

Customer Services, Europe
Changing Marketplace

I. Restructuring the Market Segments for Growth

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Restructuring for Growth

- Overall IT market Europe
- Customer services
  - The new perspective
- INPUT's 1992 findings
  - France
  - Europe

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Overall IT Market

Europe

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Restructuring for Growth

Key User Demands

- Effectiveness
- Cost reduction
- Value for money

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Restructuring for Growth

Improved Effectiveness from IT

- Business process re-engineering
- Simplification
- Speed of implementation
- Flexibility

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Restructuring for Growth

Seeking Cost Reduction for IT

- Downsizing
- Outsourcing
- 80% solutions

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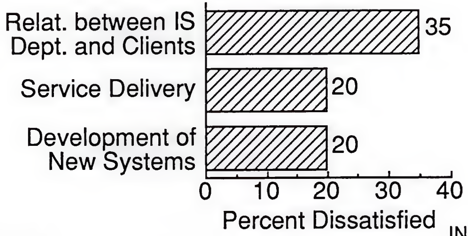
Major Challenges for IS Departments



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European IT Market

Category	User Expenditure $B		
	1992	CAGR (%)	1997
Systems	62	4	75
System Software	14	7	20
Equipment Services	24	3	28
All Other Services	72	11	123
Total	172	7	246

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Notes

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Outsourcing Impact

Category	User Expenditure $B 1992	CAGR (%)	1997
Outsourcing	7	20	17
All Other External Expenditure	165	7	228
Total	172	7	245

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IT User Expenditure Europe Overview

Category	$B 1992
Systems	62
Software and Services	110
In-House Staff	66
Facilities	42
Total	280

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IT User Expenditure Europe—Historical Growth

Category	1981 ($B)	CAGR (%)	1991 ($B)
Systems	25	9	60
System SW	1	29	13
Equip. Servs.	6	14	23
All Other Servs.	8	23	65
Total	40	15	161

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Customer Services

The New Perspective

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Restructuring for Growth

Hardware Products Market

- Product sales
- Customer services
- Spares, media and supplies

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Restructuring for Growth

Customer Services—I

- Hardware maintenance
- System software support
- Professional services
- Education and training

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Restructuring for Growth

Customer Services—IIA

- Equipment services
  - Hardware maintenance
  - Environmental services
- Unique sectors

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Restructuring for Growth

Customer Services—IIB

- System software support
- Education and training
- (Other) professional services
- Business continuity services
- Not unique

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Restructuring for Growth

Presentation of Market Analyses

- Unique
- Non-unique
- All other services
- No software products

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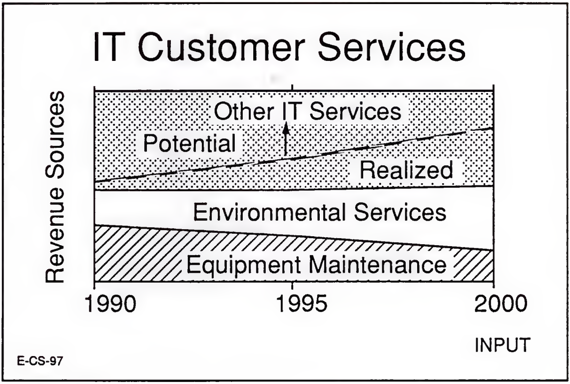
IT Customer Services
Revenue Sources
Other IT Services
Potential
Realized
Environmental Services
Equipment Maintenance
1990
1995
2000
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Notes

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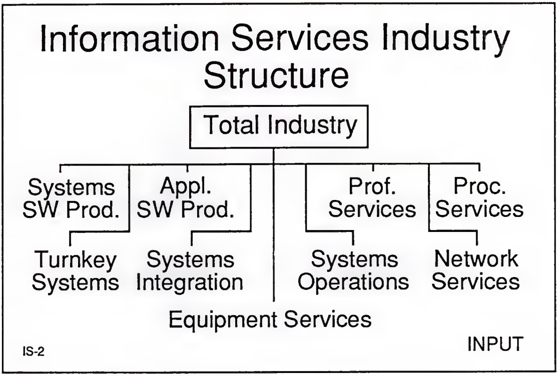
Information Services Industry Structure
Total Industry
Systems SW Prod.
Appl. SW Prod.
Prof. Services
Proc. Services
Turnkey Systems
Systems Integration
Systems Operations
Network Services
Equipment Services
IS-2
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Hardware Maintenance

- Includes
  - Contract
  - Ad hoc
  - Warranty
- On-site or workshop repair
- Excludes 4th party

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Hardware Maintenance Model

- 4 layers
  - Mainframe
  - Mid-range
  - Workstation and server
  - PC
- Volume and value attrition
- Fee rates

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Environmental Services

- Affect "environment"
- Computer room
- Cabling
- Power, air conditioning, etc.
- Network
- Buildings

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System Software Support

- Retained definition
  - Limits of system software
- Contract and ad-hoc
- Associated activities
  - Problem analysis
  - Software diagnostics

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Education and Training

- Platform or network
- Operations
- User service
- Equipment suppliers

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Professional Services

- Consultancy
- Network administration
- System software evaluation
- Problems management
- Project management
- Configuration/capacity planning

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Business Continuity Services

- Contingency planning
- Disaster recovery
- Back-up for media
- Restart services

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Revenue Streams

- Customer services
  - Equipment vendors
  - Independent maintenance
  - Resellers/VARs
- Independent software and services vendors
- Non-industry vendors

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Non-Available Market

- Bundled
- User self-service
- Own trends

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1992 Findings

Europe

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Growth Over 1991

- 3% overall
- Ranging from -4% to +17% by sector
- Business continuity best
- Education and training worst

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Notes

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Growth 1992 to 1997—I

Category	$ Billion 1992	$ Billion 1997	CAGR (%)
Hardware Maintenance	15.9	17.4	2
Environmental Services	7.9	10.2	5

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Growth 1992 to 1997—II

Category	1992 ($ Billion)	1997 ($ Billion)	CAGR (%)
System SW Support	1.9	2.8	8
Educ. and Training	1.3	1.6	4
Professional Servs.	0.8	1.4	11
Business Continuity	0.4	0.9	20

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Growth 1992 to 1997—III

Category	$ Billion 1992	1997	CAGR (%)
Unique Services	23.8	27.6	3
Non-Unique Services	4.4	6.6	8
Total	28.1	34.3	4
Other Services	4.4	7.1	10

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1992 Findings

France

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Growth Over 1991

- 2% overall
- Ranging from -6% to +16% by sector
- Business continuity best
- Education and training worst

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Notes

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Growth 1992 to 1997—I

Category	FF Billion 1992	FF Billion 1997	FF Billion CAGR (%)
Hardware Maintenance	14.5	15.3	1
Environmental Services	6.6	8.4	5

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Notes

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Growth 1992 to 1997—II

Category	FF Billion 1992	FF Billion 1997	CAGR (%)
System SW Support	1.1	1.3	4
Educ. and Training	1.2	1.5	4
Professional Servs.	0.8	1.3	11
Business Continuity	0.3	0.8	18

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Notes

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Growth 1992 to 1997—III

Category	FF Billion 1992	1997	CAGR (%)
Unique Services	21.1	23.7	2
Non-Unique Servs.	3.4	4.9	8
Total	24.5	28.6	3
Other Services	3.5	5.4	9

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Notes

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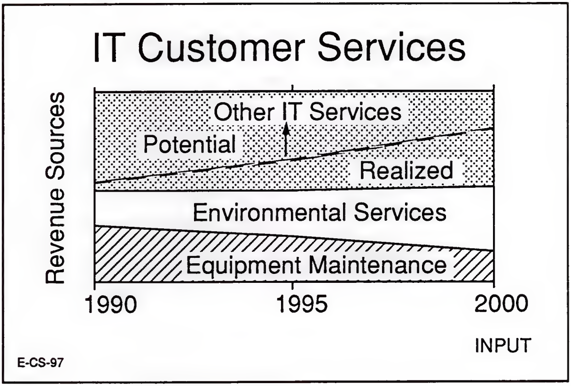
IT Customer Services
Revenue Sources
Other IT Services
Potential
Realized
Environmental Services
Equipment Maintenance
1990
1995
2000
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Multivendor Maintenance

France and Europe

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Multivendor Maintenance—France and Europe

Open Systems

- From threat to reality
- Three-year transition
- Services strategy

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Multivendor Maintenance—France and Europe

Redefinition of Multivendor

- TPM → Independent maintenance
- IM absorbed entirely
- Participants
  - IMOs
  - Equipment/system vendors
  - Dealers/distributors/VARs

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Multivendor Maintenance—France and Europe

Strategy Development

- Reorient perspective
- Transition opportunities
- Strategic options, e.g.
  - Prime contractor
  - Services vendor
  - Subcontract/FPM

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Definition

- Restated as
  - Hardware suppliers' multivendor
  - All independent maintainers'
- Multiservice contract with majority hardware maintenance

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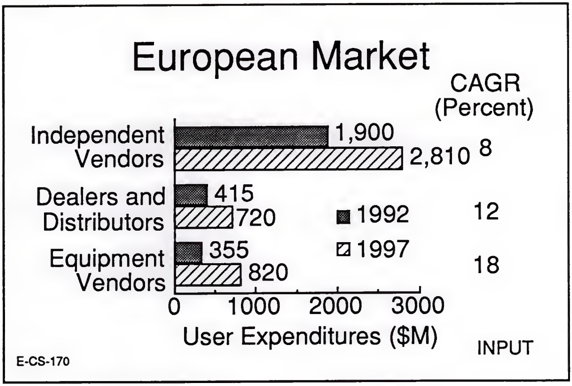
European Market
CAGR (Percent)
Independent Vendors
1,900
2,810
8
Dealers and Distributors
415
720
12
Equipment Vendors
355
820
18
1992
1997
0
1000
2000
3000
User Expenditures ($M)
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Notes

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Multivendor Maintenance—France and Europe

Country Markets—I

Country	$ Millions		
	1992	1997	CAGR (%)
France	500	680	6
Germany	270	460	11
U.K.	830	1,200	8
Italy	240	390	10

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Multivendor Maintenance—France and Europe

Country Markets—II

Country	$ Millions		
	1992	1997	CAGR (%)
Sweden	80	105	6
Netherlands	180	320	12
Belgium	90	145	12
Rest	490	1,050	16

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Multivendor Maintenance—France and Europe

1991 Top Suppliers—I

	Share
Granada	10
Olivetti	9
Thomainfor	8
Digital	4
Sorbus	4

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Multivendor Maintenance—France and Europe

1991 Top Suppliers—I

	Share
Getronics	4
Nexor/Telub	2
ACT Support	2
NCR	1
Computeraid	1

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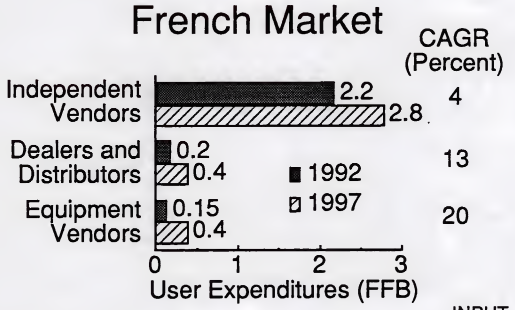

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Independent Suppliers 1991—France

Vendor	Share (%)
Thomainfor	40
TASQ	7
Granada	6
Sorbus	4
ITI	3

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Leading Equipment Suppliers 1991—France

Vendor	Share (%)
Olivetti	6
Digital	2
NCR	1
Bull	1
H-P	<1

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Trends
1992—France

- IMOs diversify to networking
- Downsizing
- Dealers weaken
- Partnering

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